



USDA Foreign Agricultural Service

# GAIN Report

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## Japan

### Fresh Deciduous Fruit

### Fresh Stone Fruit Annual - Cherries, Peaches and Nectarines

## 2005

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**Report Highlights:**

Despite a cold winter, the 2005 Japanese sweet cherry crop is expected to be up 12 percent from the previous year, reaching approximately 18,400 metric tons. 2005 Japanese peach production is also expected to increase by 14 percent to 173,200 metric tons. 2005 Japanese imports of U.S. sweet cherries are expected to decrease significantly from the previous year due largely to crop damage from excessive rain in California, according to industry sources. Japanese traders expect a large increase in shipments from the Pacific Northwest region, which begin to arrive in mid June. While U.S. fresh nectarine sales in Japan are still minor, Japanese retailers expect strong sales of U.S. white nectarines of the *summerwhite* variety, which will be selling nationwide this summer.

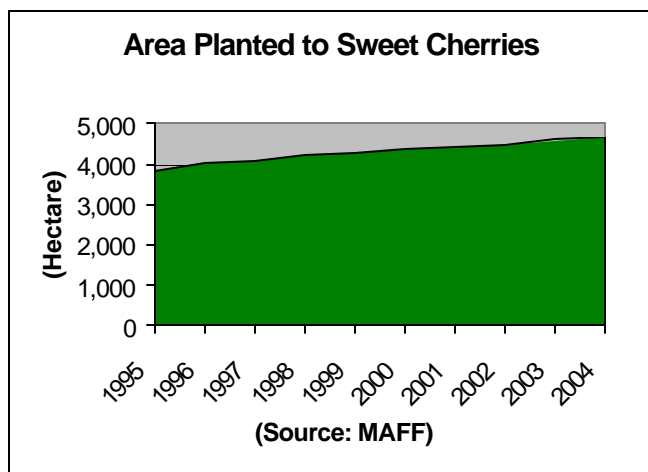
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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Tokyo [JA1]  
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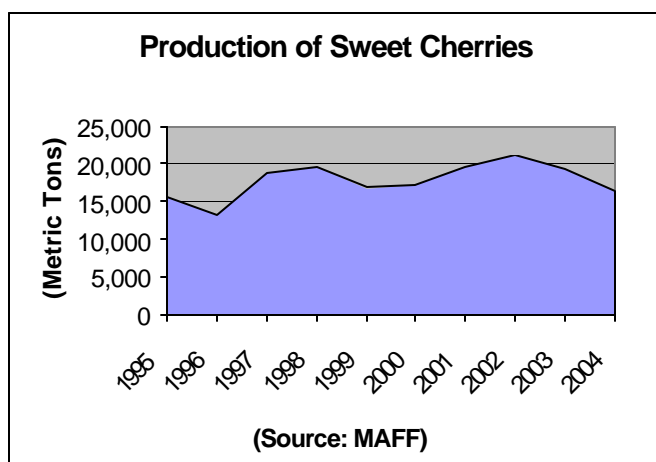
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### Sweet Cherry Planting Area Growing Steadily



Japanese planting area of major fruit items such as Mikan oranges, apples, pears and table grapes has been shrinking, but the area of sweet cherries has grown approximately 21 percent in the last 10 years in response to relatively good prices. The 2004 Japanese sweet cherry planting area of was 4,660 hectares, an increase of 60 hectares from the previous year. According to the Ministry of Agriculture, Forestry and Fisheries (MAFF) survey in 2000, farm income per hectare was approximately \$54,200 for sweet cherry growers. This is more than twice as much as the income of Mikan orange growers, who

earn approximately \$24,400 per hectare. Incomes of other fruit growers were approximately \$18,250, \$38,100 and \$35,800 per hectare for apples, pears and table grapes, respectively.



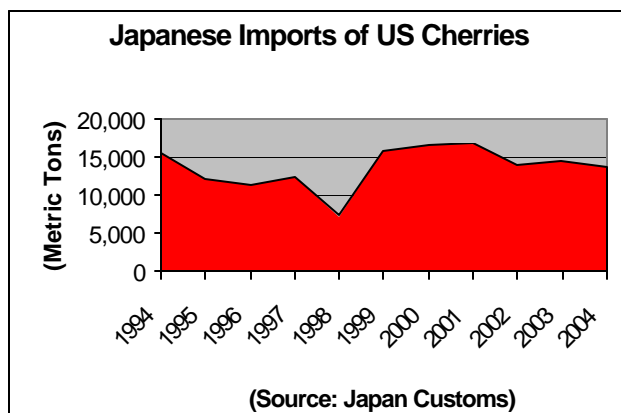
The total sweet cherry crop, which is significantly affected by weather conditions, has ranged from 13,200 to 21,200 metric tons annually. Japanese cherry harvesting starts in May and continues until July, with peak harvesting occurring in mid June to mid July. Yamagata prefecture, which is approximately 250 miles north of Tokyo, is the core growing-region for Japanese sweet cherries, producing approximately 66 percent of the nation's output. The Satonishiki variety, which is similar to the U.S. Rainier cherry, is the number one produced variety in Japan,

accounting for approximately 70 percent of the nation's crop. Dark sweet cherry varieties such as Bing, Brooks and Tulare are not grown commercially in Japan. Japan produces only sweet cherries and no tart ones. According to industry sources, approximately six percent of nation's fresh cherries, or 1,000 metric tons, are destined for canning.

### 2005 Crop Forecast – Sweet Cherries

According to industry sources, 2005 Japanese sweet cherry production is estimated at approximately 18,400 metric tons, up 12 percent from the previous year. While Japan's main sweet cherry growing region experienced a cold winter, causing some delays in flowering process, the region's weather was relatively good when fruit-setting took place in April. Peak harvesting is expected to occur in mid to late June this season, four to ten days later than the previous season. The 2005 total harvest area is estimated at 4,260 hectares, up approximately two percent from the previous season.

## The 2005 U.S. Sweet Cherry Imports Expected to Decrease Significantly



In 2005 Japanese imports of U.S. sweet cherries are expected to decrease significantly due primarily to crop damage caused by rains in California. Reportedly, a weeklong rainfall in the midst of the harvesting season drastically reduced the production of cherries in California. Shipments of California cherries to Japan this season are estimated at 700,000 cartons (18 lb/carton) or 5,700 metric tons, down approximately 30 percent from the previous season, according to traders at the Tokyo Ohta Wholesale Market.

Japanese sales of California sweet cherries started on April 23, approximately one week earlier than normal years, beginning with an early variety called Brooks, followed by the Tulare and Bing varieties. Peak shipments are expected in late May and early June this season, which is approximately 2 – 3 weeks later than normal. On May 31, California cherries were trading at \$107.10 - \$102.45 (11,500 – 11,000 yen) per 18-lb carton at the Tokyo Ohta Wholesale Market. This is the price that jobbers sell to retailers (FOB for jobbers.) In late May, Bing variety cherries arrived in Japan from the Stockton Region and were trading at approximately 25 percent higher or \$18.62 (2,000 yen) per carton compared to the same time during the previous season, reflecting higher export prices. Retail prices are also high this season. Tokyo supermarkets sell California cherries for \$1.86 - \$2.32 (200 – 250 yen) per 100 grams. They are usually packaged in clamshell type plastic containers of 200 – 300 grams each. In the previous season, retailers often sold U.S. cherries at \$0.91 (98 yen) per 100 grams during their sales promotion period, but they cannot offer this low price this season. California cherry sales are likely to continue until the week of June 5.

Cherries from the Pacific Northwest Region start to arrive in Japan on about June 10, according to Tokyo traders. Japanese traders hope for good sales of Northwest cherries this year in order to make up for slow sales of California ones. Reportedly, this season's crop in the Pacific Northwest Region is excellent with high quality fruit. Japanese imports of U.S. cherries from the Pacific Northwest Region are expected to increase significantly to approximately 600,000 - 700,000 cartons (20-lb carton) or 5,400 – 6,300 metric tons this season, according to Tokyo traders. Sales of Pacific Northwest cherries will likely continue until late August.

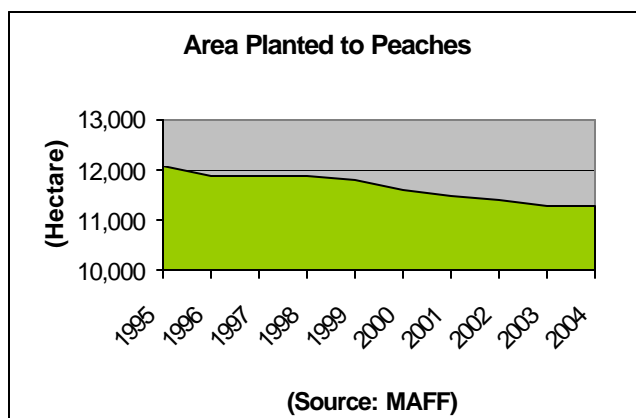
\* The exchange rate of 107.37 yen per dollar was used, based on the Nikkei News quote on May 25, 2005.

## U.S. Continues to Dominate Japan's Sweet Cherry Import Market

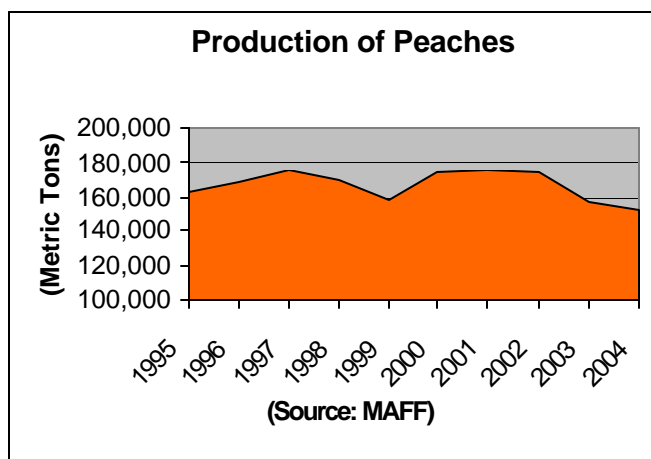
In 2004, the United States exported 13,764 metric tons of sweet cherries to Japan, providing over 98.7 percent of Japan's sweet cherry imports, valued at approximately \$95.5 million on a CIF basis. Southern Hemisphere countries also export their sweet cherries to Japan during Japan's winter season. Chile exported 176 metric tons in 2004, valued at approximately \$1.67 million (CIF.) There were no exports from New Zealand in 2004. Australia plans to start exporting their sweet cherries to Japan this season, since the Government of Japan lifted its phytosanitary ban on Tasmanian sweet cherries in March 2005. Tasmanians planted the Japanese variety "Satonishiki" cherries, a similar variety to U.S. Rainier cherries. They plan to export 1,000 – 1,500 KG of Satonishiki cherries this season. The Japan Agricultural

News reported that Tasmanians plan to export approximately 50 metric tons of sweet cherries to the Japanese market in December 2005.

### Area Planted to Peaches Declined Steadily



The land area of peaches planted in Japan declined in the last decade due mostly to labor shortages, particularly of young workers, in the major growing areas. The total area planted in Japan was 11,300 hectares in 2004, representing a decline of 800 hectares in the last 10 years. Most peaches produced in Japan are white peaches, which are very juicy but are easily bruised and consequently require more intensive labor input than other deciduous fruits grown in Japan.



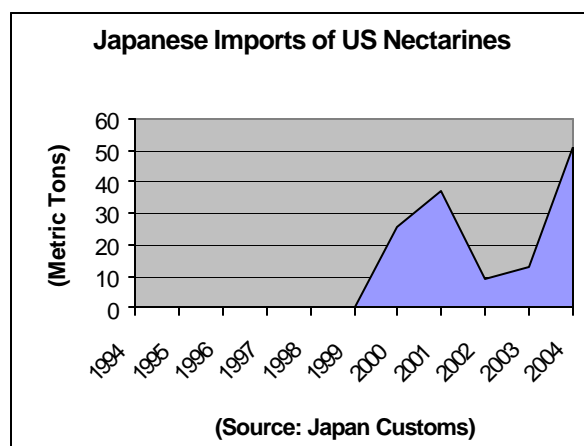
Total 2004 production of peaches in Japan was 151,900 metric tons, harvested from approximately 10,300 hectares of fruit bearing trees. The production of peaches is heavily affected by weather conditions such as temperature, rainfall and frequency of typhoons. Japan's annual peach production ranged from 152,000 to 175,000 metric tons in the last decade, and has gradually been declining. Japan's major peach growing areas are the Yamanashi (35 percent of total,) Fukushima (20 percent) and Nagano (13 percent) prefectures. Japanese

production of yellow peaches and nectarines is relatively small. However, since the production data for these items are included in an aggregated report as "peaches," separate figures are not available officially. According to industry sources, the current production of nectarines and yellow peaches is roughly 6,000 and 5,000 metric tons, respectively. Japanese yellow peaches are not marketed for fresh consumption, as virtually all are canned. Approximately 20,000 metric tons of fresh peaches are destined for canning each year, as are 15,000 metric tons of white peaches.

### 2005 Crop Forecast - Peaches

According to industry sources, 2005 Japanese peach production is forecasted to be 173,200 metric tons, up approximately 14 percent from the previous year. Although the growing region experienced a cold winter this season, the region received relatively mild weather in the spring, which significantly helped fruit-setting. Peach harvesting is expected to start in mid June and continue until late August. The 2005 growing area is estimated at 10,300 hectares, a level similar to the previous year.

## Japanese Sales of U.S. Fresh Nectarines Growing



While Japan continues to prohibit imports of fresh peaches from the United States for plant quarantine reasons, the entry into Japan of U.S. nectarines has been permitted since 1988 under special plant quarantine safeguard procedures, similar to those for U.S. cherries. A small quantity of U.S. nectarine exports were made in 1988 and 1989, but no shipments were made for almost a decade.

Then in 2000, U.S. fresh nectarine shipments to Japan resumed with new varieties, like the white nectarine (Summerwhite) and the yellow one (Summergold.) However, marketing nectarines in Japan was not as

smooth as Japanese traders expected due mainly to a lack of consumers awareness of nectarines and relatively high prices for the product. Sales of U.S. nectarine are still small in terms of quantity but they have been growing steadily since 2002. Japan imported approximately 51 metric tons of U.S. nectarines in 2004 during the June-August period. U.S. Summerwhite nectarines were sold at supermarkets nationwide, earning a strong reputation for their good flavor among Japanese traders and consumers. Japanese traders are planning to boost their sales of U.S. nectarines significantly this summer, retailing at about \$0.93 (100 yen) per fruit.

## Japanese Import Duties on Fresh Cherries and Fresh Nectarines

DESCRIPTION TARIFF CODE (HS)	DUTY RATE
Fresh Cherries 0809.20-000	8.5 %
Fresh Nectarines 0809.30-000	6.0 %

All duties are charged on a CIF basis.

## PS&amp;D Table and Trade Matrices

## Fresh Cherry PS&amp;D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Cherries,( Sweet&S our)				(HA)(1000 TREES)(MT)	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Area Planted	0	4660	0	4750	0	4840
Area Harvested	0	4180	0	4260	0	4340
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	0	14400	0	16300	0	17800
Non-Comm. Production	0	2000	0	2100	0	2200
TOTAL Production	0	16400	0	18400	0	20000
TOTAL Imports	0	13941	0	12000	0	14000
TOTAL SUPPLY	0	30341	0	30400	0	34000
Domestic Fresh Consump	0	29341	0	29400	0	33000
Exports, Fresh Only	0	0	0	0	0	0
For Processing	0	1000	0	1000	0	1000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	0	30341	0	30400	0	34000

## Fresh Cherry Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Cherries,(S weet&Sour )		
Time Period	Jan.-Dec.	Units:	Metric Tons
Imports for:	2003		2004
U.S.	14399	U.S.	13765
Others		Others	
Chile	124	Chile	176
New Zealand	2		
Total for Others	126		176
Others not Listed	0		0
Grand Total	14525		13941



## Fresh Cherry Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Cherries,(Sweet&Sour)		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan			
Feb			
Mar			
Apr	10713	9457	-12%
May	5056	4339	-14%
Jun	1632	1861	14%
Jul	1288	1482	15%
Aug	1365	2525	85%
Sep			
Oct			
Nov			
Dec			
Exchange Rate	107.37	Local Currency/US \$	
Date of Quote	5/25/2005	MM/DD/YYYY	

## Fresh Peach &amp; Nectarine PS&amp;D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Peaches & Nectarine s				(HA)(1000 TREES)(MT )	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Area Planted	0	11300	0	11300	0	11200
Area Harvested	0	10300	0	10300	0	10200
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	0	139500	0	159000	0	143000
Non-Comm. Production	0	12400	0	14200	0	12000
TOTAL Production	0	151900	0	173200	0	155000
TOTAL Imports	0	72	0	100	0	100
TOTAL SUPPLY	0	151972	0	173300	0	155100
Domestic Fresh Consump	0	131598	0	153420	0	135720
Exports, Fresh Only	0	374	0	380	0	380
For Processing	0	20000	0	19500	0	19000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	0	151972	0	173300	0	155100

## Fresh Peach &amp; Nectarine Export Trade Matrix

<b>EXPORT TRADE MATRIX</b>			
Country	Japan		
Commodity	Fresh Peaches & Nectarines		
Time Period	Jan.-Dec.	Units:	Metric Tons
Exports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Taiwan	317	Taiwan	356
Hong Kong	13	Hong Kong	17
		Singapore	1
Total for Others	330		374
Others not Listed	0		0
Grand Total	330		374

## Fresh Peach &amp; Nectarine Import Trade Matrix

<b>IMPORT TRADE MATRIX</b>			
Country	Japan		
Commodity	Fresh Peaches & Nectarine s		
Time Period	Jan.-Dec.	Units:	Metric Tons
Imports for:	2003		2004
U.S.	13	U.S.	51
Others		Others	
		South Korea	21
Total for Others	0		21
Others not Listed	0		0
Grand Total	13		72

## Fresh Peach &amp; Nectarine Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Peaches & Nectarines		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan			
Feb			
Mar			
Apr	3403	5203	53%
May	1442	1372	-5%
Jun	590	499	-15%
Jul	409	501	22%
Aug	351	421	20%
Sep	427	402	-6%
Oct	437	515	18%
Nov			
Dec			
Exchange Rate	107.37	Local Currency/US \$	
Date of Quote	5/25/2005	MM/DD/YYYY	